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ANNUAL AUDITED REPORT **FORM X-17A-5** PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEG	INNING	01/01/2002 MM/DD/YY	AND ENDING	12/31/2002 MM/DD/YY
	A. REGIS	TRANT IDENTIFI	CATION	
NAME OF BROKER-DEALER:				OFFICIAL USE ONL
Lindner Capital Managemen ADDRESS OF PRINCIPAL PLACE	•	(Do not use P.O. Bo	ox No.)	FIRM ID NO.
533 Johnson Ferry Road		(No. and Street)		
		(No. and Street)		
Marietta		Georgia		30068
NDEPENDENT PUBLIC ACCOUNT		UNTANT IDENTIF		
Porter Keadle Moore, LLP	(Name –	if individual, state last, first, midd	le name)	
235 Peachtree Street, NE				
Suite 1800 (Address)	Atlanta (City)		Georgia (State)	30303 (Zip Code)
CHECK ONE: ☑ Certified Public Accounta ☐ Public Accountant ☐ Accountant not resident in		any of its possession	PROCE MAR 2 0	SSED 2003
	FO	R OFFICIAL USE ON	THALL	ON IAL
*Claims for exemption from the requi				

must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(3)(2).

SEC 1410 (06-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Robert J. Lindner		, swear (or affirm) that, to the
,	, , ,	nd supporting schedules pertaining to the firm of
Lindner Capital Mana December 31 , 20		wear (or affirm) that neither the company nor any
		rest in any account classified solely as that of a
		Signature
Drenda Menel Notary Public.	2======================================	President Tite
☐ (f) Statement of Changes in I ☐ (g) Computation of Net Capita ☐ (h) Computation for Determin ☐ (i) Information Relating to the ☐ (j) A Reconciliation, including Computation for Determin ☐ (k) A Reconciliation between consolidation. ☐ (l) An Oath or Affirmation. ☐ (m) A copy of the SIPC Supplements	ndition. cial Condition. Stockholders' Equity or Partners' or Sole Pro Liabilities Subordinated to Claims of Creditors II. ation of Reserve Requirements Pursuant to I Possession or Control Requirements Under appropriate explanation, of the Computation ation of the Reserve Requirements Under Ex the audited and unaudited Statements of Fin	Rule 15c3-3. r Rule 15c3-3. n of Net Capital Under Rule 15c3-1 and the

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Financial Statements

and Supplemental Schedule

December 31, 2002 and 2001

(with Independent Accountants' Report thereon)



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholder Lindner Capital Management, Inc.

We have audited the accompanying balance sheet of Lindner Capital Management, Inc. as of December 31, 2002 and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Lindner Capital Management, Inc. as of and for the year ended December 31, 2001, were audited by other auditors, whose report dated February 2, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the financial position of Lindner Capital Management, Inc. as of December 31, 2002 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplemental Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Commission Act of 1934. This supplemental schedule is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2002, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PORTER KEADLE MOORE, LLP

Atlanta, Georgia February 4, 2003

Balance Sheets

December 31, 2002 and 2001

¹ %.	2002	2001
Assets		
Cash	\$ 15,576	13,506
Marketable investment securities	-	3,300
Commissions receivable	21,034	1,141
Deferred tax asset	14,500	14,143
Prepaid expenses	-	3,351
Other assets	<u> 183</u>	513
	\$ <u>51,293</u>	<u>35,954</u>
Liabilities and Stockholder's I	Equity	
Liabilities:		
Accounts payable	\$ 2,500	-
Commissions payable	16,182	1,322
Subordinated advance from stockholder	10,000	<u>10,000</u>
Total liabilities	<u>28,682</u>	11,322
Stockholder's equity:		
Common stock, \$1.00 par value; authorized 10,000 shares;		
issued and outstanding 1,000 shares	1,000	1,000
Additional paid-in capital	50,300	50,300
Accumulated deficit	(<u>28,689</u>)	(<u>26,668</u>)
Total stockholder's equity	<u>22,611</u>	<u>24,632</u>
	\$ <u>51,293</u>	<u>35,954</u>

Statements of Operations

For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Commissions from brokerage services	\$ 246,874	112,255
Investment advisory fees	123,148	27,448
Other income		<u>697</u>
Total revenues	372,052	140,400
Expenses:		
Commissions	153,696	75,721
Management fees to affiliate	198,450	116,397
Selling, general and administrative expenses	18,984	23,996
Unrealized loss on marketable investment securities	<u>3,300</u>	
Total expenses	<u>374,430</u>	216,114
Loss before income tax benefit	(2,378)	(75,714)
Income tax benefit	357	17,335
Net loss	\$ <u>(2,021)</u>	<u>(58,379</u>)

Statements of Changes in Stockholder's Equity

For the Years Ended December 31, 2002 and 2001

	Common <u>Stock</u>	Additional Paid-In <u>Capital</u>	Retained Earnings (Accumulated <u>Deficit)</u>	Total
Balance, December 31, 2000	\$ 1,000	300	31,711	33,011
Capital contributions	-	50,000	-	50,000
Net loss			(58,379)	(58,379)
Balance, December 31, 2001	1,000	50,300	(26,668)	24,632
Net loss			(2,021)	(2,021)
Balance, December 31, 2002	\$ <u>1,000</u>	<u>50,300</u>	(<u>28,689</u>)	22,611

Statements of Cash Flows

For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Net loss	\$ (2,021)	(58,379)
Adjustments to reconcile net loss to net cash		
provided by operating activities:		
Deferred tax benefit	(357)	(17,335)
Unrealized loss on marketable investment securities	3,300	-
Change in commissions receivable	(19,893)	73,306
Change in prepaid expenses	3,351	-
Change in other assets	330	154
Change in accounts payable	2,500	-
Change in commissions payable	14,860	(3,035)
Change in management fees payable	-	(36,067)
Change in income taxes payable		(3,391)
Net cash provided (used) by operating activities	2,070	(44,747)
Net cash provided by financing activities, consisting of capital contributions		50,000
Net change in cash	2,070	5,253
Cash at beginning of period	<u>13,506</u>	_8,253
Cash at end of period	\$ <u>15,576</u>	<u>13,506</u>

Notes to Financial Statements

(1) Description of Business and Summary of Significant Accounting Policies

Organization and Description of Business

Lindner Capital Management, Inc. (the "Company") is registered as a broker-dealer with the United States Securities and Exchange Commission (the "SEC"), National Association of Securities Dealers, Inc. (the "NASD"), and the securities commissions of appropriate states. The Company offers variable life insurance and annuity products and sells mutual funds on a subscription basis.

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP") and to general practices within the broker-dealer industry. The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Revenue Recognition and Commissions Receivable

Commissions represent the spread between buy and sell transactions processed and net fees charged to customers on a transaction basis for buy and sell transactions processed. Commissions are recorded on a settlement date basis, which does not differ materially from trade date basis. For variable life and annuity products, commissions are contractually determined as a percentage of premiums paid. For mutual funds, commissions are a contractually determined percentage of the amount of the customer's investment.

Marketable Investment Securities

Marketable investment securities are recorded at their market value, with the difference between cost and market reflected as unrealized gain or loss in the statement of operations. Marketable investment securities transactions of the Company are recorded on a trade date basis.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Additionally, the recognition of future tax benefits, such as net operating loss carryforwards, is required to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the assets and liabilities are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period that includes the enactment date.

In the event the future tax consequences of differences between the financial reporting bases and the tax bases of the Company's assets and liabilities results in deferred tax assets, an evaluation of the probability of being able to realize the future benefits indicated by such asset is required. A valuation allowance is provided for the portion of the deferred tax asset when it is more likely than not that some portion or all of the deferred tax asset will not be realized. In assessing the realizability of the deferred tax assets, management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies.

Reclassifications

Certain reclassifications have been made to the 2001 financial statements to conform with the 2002 classifications.

(2) Related Party Transactions

The Company shares certain employee costs and office facilities, furniture, and equipment with two affiliates, The Lindner Group, Inc. and Linder Capital Advisors, Inc., which are also owned by the Company's shareholder. Pursuant to a management agreement, the Company's general and administrative expenses are paid by the affiliates.

The Company reimburses the Lindner Group, Inc. for expenses at the discretion of the sole stockholder. During 2002 and 2001, the Company paid management fees of \$198,450 and \$116,397, respectively, to The Lindner Group, Inc. Investment advisory fees are paid by Lindner Capital Advisors, Inc. to the Company. The Company, in turn, pays these fees to the individual brokers.

Notes to Financial Statements

(2) Related Party Transactions, continued

Financial position and results of operations would differ from the amounts in the accompanying financial statements if the aforementioned related party transactions had not occurred.

(3) Net Capital Requirements

The Company, as a registered broker-dealer, is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$8,124 which was \$3,124 in excess of its required net capital of \$5,000, and the Company's ratio of aggregate indebtedness to net capital was 2.30 to 1.

(4) Income Taxes

The components of income tax benefit for the years ended December 31, 2002 and 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Current Deferred	\$ - (<u>357</u>)	- (<u>17,335</u>)
	\$ (<u>357</u>)	(<u>17,335</u>)

The difference between income tax benefit computed by applying the statutory federal income tax rate to the loss before income tax benefit for the years ended December 31, 2002 and 2001 is due to graduated income tax rates. The Company had recorded deferred tax assets at December 31, 2002 and December 31, 2001 of \$14,500 and \$14,143, respectively. These deferred tax assets relate to net operating loss carryforwards. At December 31, 2002 the Company had net operating loss carryforwards of \$90,632, which will expire beginning in 2015 if not previously utilized.

(5) Marketable Investment Securities

The Company owns marketable securities consisting of 300 warrants acquired at a cost of \$11 each to purchase NASDAQ, Inc. common stock. Each warrant allows the owner to purchase four shares of NASDAQ, Inc. common stock in four separate annual tranches, the first of which became effective June 28, 2002. Each tranche is exercisable for one year. The exercise prices are as follows:

Tranche	Price Per Share	Expiration Date
1 st	\$13	June 28, 2003
2 nd	\$14	June 28, 2004
3 rd	\$15	June 28, 2005
4 th	\$16	June 28, 2006

At December 31, 2002, the price of NASDAQ, Inc. common stock was below the exercise price; therefore, management has assigned no value to these warrants.

SUPPLEMENTAL SCHEDULE

Supplemental Schedule

Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2002

Computation of Net Capital:	
Total assets	\$ 51,293
Total liabilities	28,682
10th Hubilities	20,002
Net worth	22,611
Non-allowable assets	· ·
Non-anowable assets	<u>24,487</u>
Tentative net capital	(1,876)
Subordinated liability	10,000
Subordinated hability	10,000
Net capital	8,124
Net capital	0,124
Minimum net capital	_5,000
William net capital	
Excess net capital	\$ <u>_3,124</u>
Excess net cupital	Ψ <u>,12+</u>
Aggregate Indebtedness to Net Capital Ratio:	
Aggregate indebtedness consisting of commissions payable, accounts payable	
and excluding subordinated liability	\$ <u>18,682</u>
Net capital	\$ _8,124
•	
Ratio	2.30 to 1

Reconciliation with Company's Computation of Net Capital (included in Part II of its FOCUS report as of December 31, 2002):

There were no significant differences between net capital as computed by the Company and the amount computed above.



Independent Accountants' Report on Internal Control Procedures

To the Shareholder Lindner Capital Management, Inc.:

In planning and performing our audit of the financial statements and supplemental schedule of Lindner Capital Management, Inc. (the "Company"), for the year ended December 31, 2002, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Act of 1934, we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1. Making quarterly securities examinations, counts, verifications and comparisons.
- 2. Recordation of differences required by Rule 17a-13.
- 3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's ("SEC") above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2002, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PORTER KEADLE MOORE, LLP

Atlanta, Georgia February 4, 2003